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5 August 1959

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CENTRAL

INTELLIGENCE

BULLETIN



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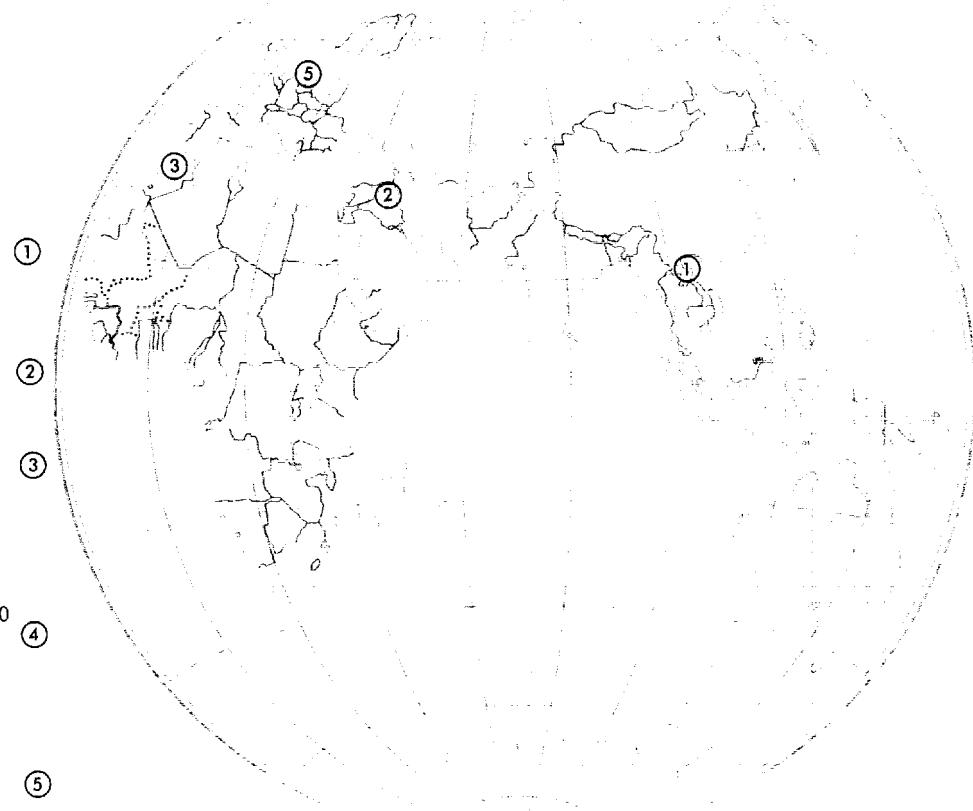
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5 AUGUST 1959

I. THE COMMUNIST BLOC**II. ASIA-AFRICA**

Laos--No change reported in military situation; bloc maintains pressure to revive ICC.

Iraqi Communist party blames 'ill-advised leadership' for excesses at Kirkuk, pledges loyalty to Qasim regime.

Morocco, USSR reported discussing Soviet help for Rabat's foreign currency needs.

III. THE WEST

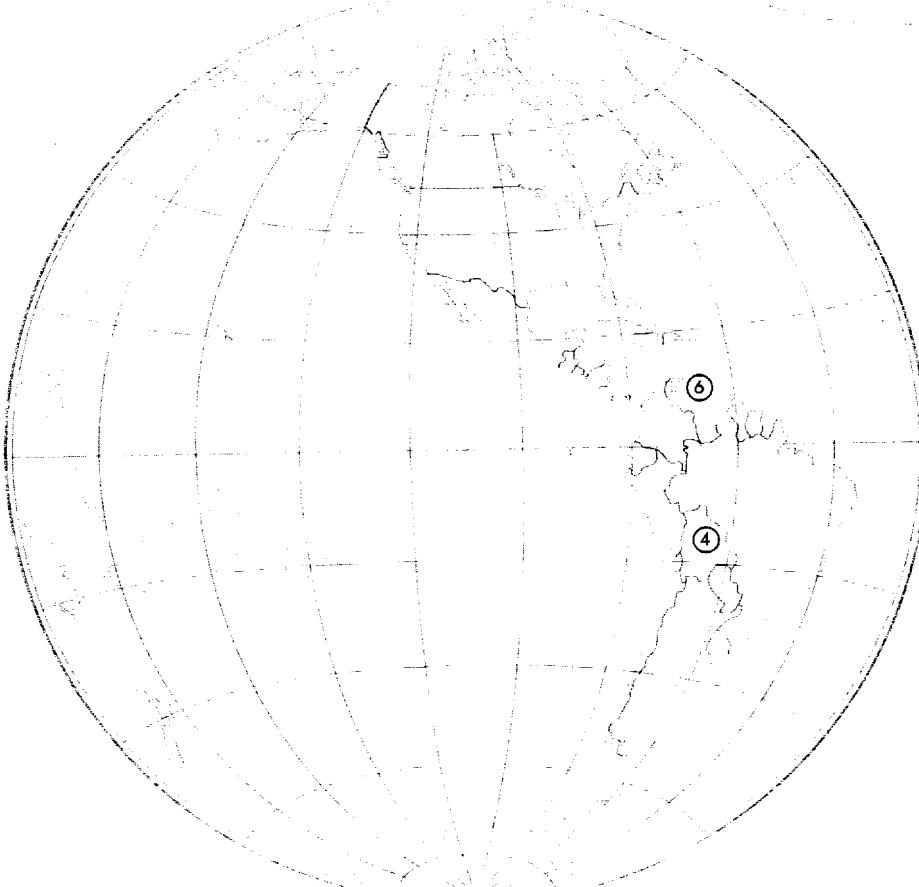
Bolivia expects pressure on government to accept bloc offers of \$60,000,000 to aid national oil industry.

IV.

Conclusions of special USIB committee on Berlin situation.

LATE ITEM

(6) Venezuela--Government declares state of emergency following riots in Caracas.



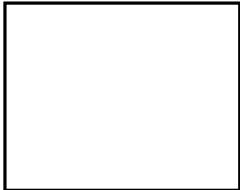
CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

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I. THE COMMUNIST BLOC



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II. ASIA-AFRICA



NO

Laos: [No changes have occurred in the military situation in northern Laos over the past 24 hours, according to the Laotian military high command. Communist partisan forces remain in control of several government outposts in Sam Neua and Phong Saly provinces; bad weather has hampered counter-action by government reinforcements. On 4 August, the Laotian Government charged the military "with maintaining internal peace and order" in Sam Neua and Phong Saly as well as three other Laotian provinces where scattered harassing incidents have occurred.]

[Bloc propaganda continues to place heavy stress on the urgency of reconvening the ICC in Laos. British Foreign Secretary Lloyd in a talk with Secretary Herter urged that the door not be closed on the return of the three-nation ICC, arguing that the Indian and Canadian members "might be able to play a constructive role."]

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Iraq: The Iraqi Communist party has condemned "mistakes and shortcomings" of its own "ill-advised individual leadership" and has reasserted its loyalty to Qasim. The party appears to be shifting to more moderate tactics to forestall repression by Qasim, who has succeeded in arousing general public reaction against the atrocities at Kirkuk. The party newspaper on 3 August stated that Communist differences with the "highest authorities" were a result of a faulty assessment of the nature of these authorities and of the capabilities of

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"national forces" to defend the Iraqi Republic. Qasim meanwhile warned students and other "front" groups to stay clear of partisan politics, and again told the trade unions to purge themselves of "anarchist" elements, whom he says he will crush. Military authorities on 4 August closed the office of the Communist-dominated General Federation of Trade Unions.

NO

Morocco-USSR: [Conversations over possible short-term Soviet assistance in covering Moroccan foreign currency needs are reported under way in both Rabat and Moscow. These talks presumably have continued despite the fact that Morocco's acute need for foreign currency was somewhat alleviated by the transfer on 25 July of a \$15,000,000 installment under the regular American aid program.]

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III. THE WEST

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NO

Bolivia: [Leftists in the Bolivian Congress, which convenes on 6 August, as well as labor representatives of Bolivia's national oil company are expected to put political pressure on President Siles to accept offers of bloc economic aid amounting to about \$60,000,000 for the oil company. Some of the offers were made to former President Paz, chief of the ruling party, during his trip to Prague last June. Paz, who was quoted as advising caution in dealings with the USSR, may hope that knowledge of the offers will induce favorable US consideration of a sizable loan, and Siles may be collaborating with him. According to Siles, close economic ties with the USSR would probably lead to a resumption of diplomatic relations, which the lower house of the Bolivian Congress proposed last September.]

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IV. CONCLUSIONS OF SPECIAL USIB COMMITTEE ON BERLIN SITUATION

The USIB has taken note of the following conclusions reached by its special committee on the Berlin situation. The committee pointed out that its conclusions are to be used in context with all SNIES relevant to the Berlin situation.

1. Pending the completion of the exchange of visits between President Eisenhower and Khrushchev, it is unlikely that the USSR will conclude a separate peace treaty with the GDR or turn over access controls to the East Germans. The USSR will from time to time use threats of such action as a form of pressure on the West. The actual physical transfer of controls could be accomplished with little or no warning.
2. The USSR continues at Geneva to maintain its hard position on Berlin and is unlikely to offer any significant new proposals on Berlin pending discussions during the visits between President Eisenhower and Khrushchev.
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3. While there are no reliable indications of a bloc intent to deny Allied or West German access to West Berlin, or to seal off West Berlin in the immediate future, such actions could be taken with little or no warning.
4. There has been no significant change in West Berlin's favorable economic situation.

6. There have been no significant changes in Soviet capabilities to respond to possible Western actions in the event of turnover, harassment, or blockade.

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LATE ITEM

OK *Venezuela: The Betancourt government declared a state of emergency and suspended some constitutional guarantees on 4 August in the wake of serious rioting in Caracas by unemployed and depressed economic groups. Communists, whose strength is centered in Caracas, may have been involved in fomenting the disorders. Although the disturbances apparently are not an immediate threat to President Betancourt, whose support in the capital is relatively weak, discontented military and civilian groups are reportedly working for his ouster and could attempt to exploit the unrest. Some of the opposition elements are possibly receiving financial and other assistance from Dominican Dictator Trujillo.

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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Iraqi Communist Party Criticizes Its Leadership

Following a series of severe setbacks for the Iraqi Communist party during the past few weeks, the party newspaper has condemned the "mistakes and shortcomings" of the party's "ill-advised leadership" and declared loyalty to the regime of Prime Minister Qasim. On 3 July the newspaper admitted that the Communists' attitude on several questions had "backfired"--presumably a reference to the pressure for the return of political parties, the drive for admission of party representatives in the cabinet, the intensification of Popular Resistance Force activities, and demands for a purging of "fascists" from government offices.

Having been rebuffed on all of these counts and been subject to severe censure by Qasim himself on several occasions, party leaders may have decided on a public recantation in order to prevent still more drastic government action. An admission that "irresponsible acts" have been committed by party members appears to be an attempt to shift the blame for the atrocities recently perpetrated in Kirkuk upon low-level members of the party. The statement condemned such actions, but excused them on grounds that the "masses" were afraid of losing gains made since the revolution of last year.

There have been reports that the party has been undergoing a policy struggle between "extremists," who advocate an immediate attempt to overthrow the Qasim regime, and "moderates," who have favored a temporary closing of ranks with the government. If these reports are true, the party's present tactics suggest that the "moderates" have prevailed at least temporarily.

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III. THE WEST

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Bolivia Under Pressure to Accept Bloc Economic Aid

[Bolivian President Siles' shaky regime faces mounting political pressure to accept Communist bloc economic aid, especially for the national oil company, YPFB. Siles expects leftists in Congress, which convenes 6 August, to challenge the government's failure to act on bloc credit offers to YPFB, amounting to about \$60,000,000. He believes that close economic relations with the USSR would lead to diplomatic relations, which the lower house of Congress proposed last September.]

[Labor representatives of YPFB, which agreed to hire Czech geologists last December, are advocating a loan from the USSR to solve the company's financial difficulties. The scheduled trip to Moscow in early August of Juan Lechin, key leftist labor leader and senator, may be primarily for economic purposes. Moreover, the government is considering sending a mission to Moscow to investigate Soviet oil equipment.]

[Former President Paz, chief of the ruling party, may attempt to use such bloc offers, including a Czech credit proposal which was made to him during his visit to Prague in June, as a means of obtaining a sizable US loan. Siles, who is possibly collaborating in this effort, has stated that Soviet offers to YPFB have been presented to the Bolivian embassies in Mexico City and Buenos Aires, where the USSR has missions. Siles told the American ambassador, however, that Paz had advised caution in dealings with the Russians. The USSR and Czechoslovakia, which has the only bloc diplomatic mission in La Paz, reportedly also made a joint offer of \$100,000,000 for agricultural aid to Bolivia recently.]

[Bloc overtures to Bolivia appear designed in part to undercut the US-backed stabilization effort there. Popular dissatisfaction with the country's deteriorating economy has substantially increased receptivity to these offers.]

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Special Assistant for National Security Affairs

Scientific Adviser to the President

Director of the Budget

Office of Defense and Civilian Mobilization

Special Assistant for Security Operations Coordination

Board of Consultants on Foreign Intelligence Activities

Special Assistant for Foreign Economic Policy

Executive Secretary, National Security Council

The Treasury Department

The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

The Deputy Under Secretary for Political Affairs

The Deputy Under Secretary for Administration

The Counselor

Director, International Cooperation Administration

The Director of Intelligence and Research

The Department of Defense

The Secretary of Defense

The Deputy Secretary of Defense

Assistant Secretary of Defense for International Security Affairs

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The Secretary of the Navy

The Secretary of the Air Force

The Chairman, The Joint Chiefs of Staff

Commandant, United States Marine Corps

The Director, The Joint Staff

Chief of Staff, United States Army

Chief of Naval Operations, United States Navy

Chief of Staff, United States Air Force

Assistant to Secretary of Defense for Special Operations

Director for Intelligence, The Joint Staff

Assistant Chief of Staff for Intelligence, Department of the Army

Director of Naval Intelligence, Department of the Navy

Assistant Chief of Staff, Intelligence, Department of the Air Force

Supreme Allied Commander, Europe

Commander in Chief, Pacific

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